

FISCAL NOTE

SB 2596 - HB 2591

February 14, 2006

SUMMARY OF BILL: Exempts any successor or assign from any business tax liability, penalty, or interest that has accrued against the former business ownership.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$124,300

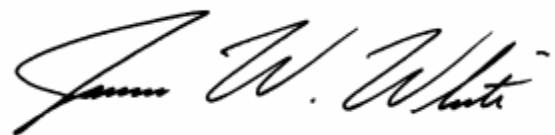
Decrease Local Govt. Revenues - \$162,800

Assumptions:

- Current law requires any person liable for any Business Tax, penalty, or interest and who sells their business or stock of goods, or who quits the business, shall make a final Business Tax return and payment within 15 days after the date of selling or quitting the business.
- Business tax is based on the gross receipts of a business.
- Both counties and cities are authorized to collect business tax in the businesses within their respective jurisdictions.
- The Department of Revenue (DOR) estimates that all business tax revenue is divided 43.3% to state and 56.7% to local governments.
- Budgeted state business tax revenue for FY06-07 has been estimated at \$124.3 million.
- Local government business tax revenues would then be approximately \$162.8 million ($\$124.3 \text{ million} \div 43.3\% = \$287.1 \text{ million base}$ X 56.7% local share = \$162.8 million).
- The DOR has estimated that approximately one-tenth of one percent of businesses are transferred to new owners with unpaid business tax liabilities.
- The decrease of state revenues for FY06-07 is estimated at \$124,300 ($\$124.3 \text{ million} \times 0.10 \times 1\% = \$124,300$).
- The decrease of local government revenues for FY06-07 is estimated at \$162,800 ($\$162.8 \text{ million} \times 0.10 \times 1\% = \$162,800$).
- This act would take effect on July 1, 2006.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director